

**Massachusetts Emergency Management Agency**  
**Reimbursement Policy**

**September 2015**

**I. Policy**

MEMA shall make payments to sub-recipients on a reimbursement basis consistent with state grant regulations under 815 CMR 2.00 and federal regulations under 2 CFR 200, in addition to grant or program-specific requirements. Reimbursements to sub-recipients will be for allowable costs incurred within the sub-recipient contract period. All costs must be reasonable, allowable, allocable, and necessary in the accomplishment of the project or emergency management program objectives. Reimbursement back up must be source documentation sufficient to demonstrate that the sub-recipient has made full payment, that the expense complies with an approved application item, and that all goods or services were received or completed within the effective dates of the sub-recipient contract. Acceptance of payment by sub-recipients constitutes compliance with this policy and all sub-recipient responsibilities.

A sub-recipient must be current on all required reports for reimbursement requests to be processed. A completed MEMA reimbursement request form is required in order to process reimbursement requests.

MEMA may not be able to process reimbursement requests that are submitted later than one month after a contract has ended.

Supplanting and dual compensation are not allowed (see below for definitions). Indirect Costs, if allowable, must be submitted with the sub-recipient's application and supported with official documentation of the sub recipient's approved indirect cost rate. Costs may not be charged as direct costs that are otherwise accounted for as indirect costs.

Sub-recipients may submit periodic reimbursement requests as needed (monthly, quarterly, etc). If a contract crosses the State Fiscal Year (July – June) reimbursement – for costs incurred during the prior State Fiscal Year – must be submitted no later than one month after the prior State Fiscal Year has ended.

## II. Definitions

**Allowable Costs:** Allowable costs are those that have been approved by MEMA as eligible, comply with all applicable regulation and guidance, and are supported by documentation.

**Contract Effective Dates (Contract Period):** The period beginning with the date the contract is signed by MEMA and ending on the identified contract end date.

**Source Documentation:** Canceled checks, signed warrants, paid invoices, procurement history, and other original documentation sufficient to prove that costs incurred were allowable, were not incurred in violation of any regulations or policies, and are supported by appropriate financial and accounting records and systems.

**Supplanting:** Grant funds should increase the overall amount of resources. Grant funds will be used to supplement existing funds, and will not replace (supplant) funds that have been appropriated for the same purpose. As an example: Local funds are appropriated for a stated purpose and Federal funds are awarded for the same purpose. The Municipality replaces its Local funds with the Federal funds, thereby reducing the total amount available for the same purpose.

**Dual Compensation:** an employee of a unit of government may not receive compensation from their unit or agency of government AND from an award for a single period of time (e.g., 1:00 p.m. to 5:00 p.m.), even though such work may benefit both activities.

**Management and Administration (M+A):** are tasks that are specifically associated with the management and administration of the grant program (e.g., development of reimbursement requests, development of close-out reports). Per FEMA, there is a cap on the percentage of funds sub-recipients may use for this purpose. MEMA will provide the FEMA-set percentage in CCP and EMPG sub-grant application materials

## III. Regulations

- 2 CFR 200 , *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*
- 815 CMR 2.00, *State Grants, Federal Grant Awards, Federal Subgrants and Subsidies*
- Program Guidance and/or Program Regulations

#### IV. General Guidance

Below are the three general areas of guidance applicable to all reimbursement requests under MEMA grants. Subrecipients should be very familiar with these areas and how they apply to grants and reimbursements sought by the subrecipient.

**1. Documentation:** Documentation is the key to all reimbursements. **Original documentation must be maintained by the sub-recipient for state and/or federal audit purposes.**

Documentation meeting the above definition is required for all reimbursements. The three key conditions subrecipients should keep in mind regarding documentation are:

- i. **Allowable and Eligible:** Vendor invoices, time sheets, contracts, or other documentation that details the expense to a level that MEMA can determine the cost itself is eligible and that it was incurred in a method that makes it allowable.
- ii. **Cost Incurred:** All MEMA grant programs are paid on a reimbursement basis. Therefore it must be clear from the documentation provided that the subrecipient has made payment for the requested amount and associated match. For example, requests for payment submitted by the grant manager are not sufficient; the request must be accompanied by documentation that the payment was actually made.
- iii. **Dates of Service:** MEMA has no obligation and makes no commitment to reimburse for subrecipient costs incurred prior to or after the effective dates of a contract.

**2. Cost Compliance:** There are multiple levels of compliance requirements applicable to MEMA grants that must be met in order for reimbursement to be approved. Subrecipients are responsible for understanding and complying with these requirements throughout the life for the grant. Below are some common areas of cost compliance.

- i. **Grant Guidance:** Each grant will come with specific guidance provided at the time of announcement/application.
- ii. **2 CFR:** 2 CFR contains the federal regulations regarding allowability of costs under federal grants. Subpart E: Cost Principles provides detailed descriptions of costs and their allowability. Subrecipients should refer to this section and appendix often when analyzing costs for compliance.

- iii. **Procurement:** The cost activity must be accomplished through procurement procedures that are compliant with both local and federal rules. Otherwise properly documented costs that were procured without meeting all procurement requirements may be considered unallowable for reimbursement.

## V. Frequently Funded Items

1. **Personnel:** Charges to federal awards must be based on subrecipient records that accurately reflect the work performed. To meet this requirement, subrecipients must:
  - 1) Agree to maintain a system of internal controls which provides reasonable assurance that the charges made are accurate, allowable, and properly allocated.
  - 2) Provide documentation such as individual's name, description of services conducted, timesheets, rosters, time and effort reports or other official subrecipient records that demonstrates eligibility for federal funding by:
    - a. Reasonably reflecting the total activity funding by federal dollars
    - b. Encompassing all activities for which employees were compensated (both federal and non-federal activities)
    - c. Reflecting the distribution of wages among specific activities (if more than one)
  - 3) Provide records such as warrants, payroll reports, accounting records, canceled check, or other subrecipient documents which certify that:
    - a. Federal compensation activities and funding sources are incorporated into the subrecipients official records
    - b. Funded activities comply with the subrecipients pre-established accounting practices and procedures.

A reimbursement request for an overtime/volunteer/on-call expense may not be for more than the actual time spent in the training or exercise, but may include additional overtime as required by the applicable collective bargaining agreement (CBA). - **including backfill/overtime/volunteer/on-call expenses**, the Backfill/Overtime/Volunteer/On-Call Reimbursement Request Form should be used.

A reimbursement request for backfill to cover a shift absence resulting from attendance at the training or exercise may not be for more than the least amount of time required by any applicable CBA. Payroll and/or Collective Bargaining Agreement information (or similar documentation) related to backfill/overtime/volunteer/on-call reimbursement requests must be maintained by the sub-recipient, but does not need to be submitted to MEMA with the reimbursement request.

2. **Management and Administration (M+A)** Back-up documentation for (M+A) costs (see definition on page 2) is required for reimbursement (see personnel/salary or contractor/consultant expenses above). **Data entry - as a 'stand-alone' activity - is NOT an allowable activity for reimbursement.**
3. **Travel expenses** please refer to MEMA's Travel Expenses Reimbursement Guidance. **Tips are not reimbursable.** In-state travel to or from a training, exercise or backfill shift will not (refer to above-referenced guidance) be reimbursed by MEMA.
4. **Training and/or exercise-related expenses:** As all federal homeland security-funded exercises must be HSEEP-compliant, please include an electronic version of the After Action Report (AAR) with your reimbursement request. For FEMA grant-funded exercises, MEMA will submit AARs to FEMA.
5. **Equipment expenses** must be supported with all of the following:
  - Vendor invoice;
  - Copy of payment from City/Town to vendor OR copy of invoice (purchase orders are not accepted) that is marked paid and signed by the City/Town Fiscal Office as paid.
6. **Maintenance Costs,** Please refer to FEMA's Informational Bulletin #336 Maintenance Costs and FEMA's May 2013 policy Maintenance Contracts and Warranty Coverage funded by Preparedness Grants for information on what is allowable.
7. **Food and Catering Costs,** please refer to the MEMA Catering Costs Guidance and FEMA's Concerns Regarding Catering Costs memorandum for information on what is allowable. **These are NOT allowable costs under the HMEP grant program. Tips are not reimbursable.**
8. **Service Costs, including Reverse 911 or GPS subscriptions** are allowable costs under FEMA grant programs. **MEMA will only reimburse for service costs that occur within the sub-recipient's contract period and only after the service has concluded.**

When submitting service costs for reimbursement, please note that MEMA will only reimburse for services completed. As an example: a sub-recipient has a finalized contract from MEMA with a performance period of Jan 1, 2016-December 31, 2016. If we receive a reimbursement request in March 2016 for service costs from January 2016-June 2016, we will only (at that time) reimburse for the January-March services. An additional reimbursement request must be submitted (for any balance) once service has concluded.

9. If MEMA receives back-up documentation consisting of a personal payment (credit card, personal check, etc), we still need documentation that the sub-recipient has made this payment. In most cases, this would be reimbursement made to the individual (copy of a check from the sub-recipient to the individual, MUNIS print-out, or other payroll documentation). Please note that this is NOT an encouraged practice.

## **VI      Timing of Reimbursement Processing**

For grant payments, MEMA pays the initial reimbursement request once processed (typically within 25 business days once received). Any additional reimbursement requests take 45 business days from the date the reimbursement request is received by MEMA for the Commonwealth to process and disperse funds. This time may be extended if MEMA has questions on the sub-recipient's reimbursement request.

## **VII      Accelerated Reimbursement Request Process (for additional reimbursement requests after an initial request)**

If an entity requests, and has a specific need, MEMA may waive the 45-day payment period for reimbursement requests.

## **VIII      Viewing Payments from MEMA**

The Commonwealth makes all payments via EFT (electronic funds transfer). All communities may view payments made from the Commonwealth via the on-line Vendor Web, which may be found on the State Comptroller's website here: <https://massfinance.state.ma.us/VendorWeb/vendor.asp?login=1>